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Electrical Utilities –
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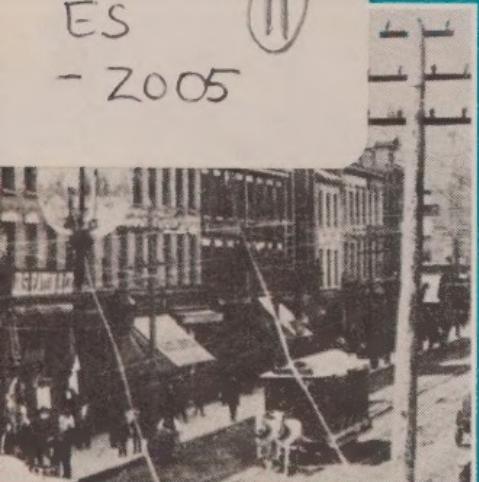
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ELECTRICITY IN ONTARIO

The Municipal Electrical Utilities—
Partners in Public Service

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Three hundred and twenty municipally-owned electricity distribution systems distribute power to almost 2.3 million customers, with a total hydro bill of almost \$3 billion each year.

Ontario is fortunate that it has a safe, reliable and low cost electrical system.

It is a unique system in which Ontario Hydro, a publicly owned, financially self-supporting utility, in partnership with 320 hydro-electric and public utilities commissions supplies electric power to over 3 million customers in Ontario. This Partnership in Public Service is the envy of many other jurisdictions in North America and throughout the world.

The Partners in Public Service Today

There are at present 320 municipally owned electricity distribution systems which distribute power to almost 2.3 million customers with a total hydro bill of almost \$3 billion each year.

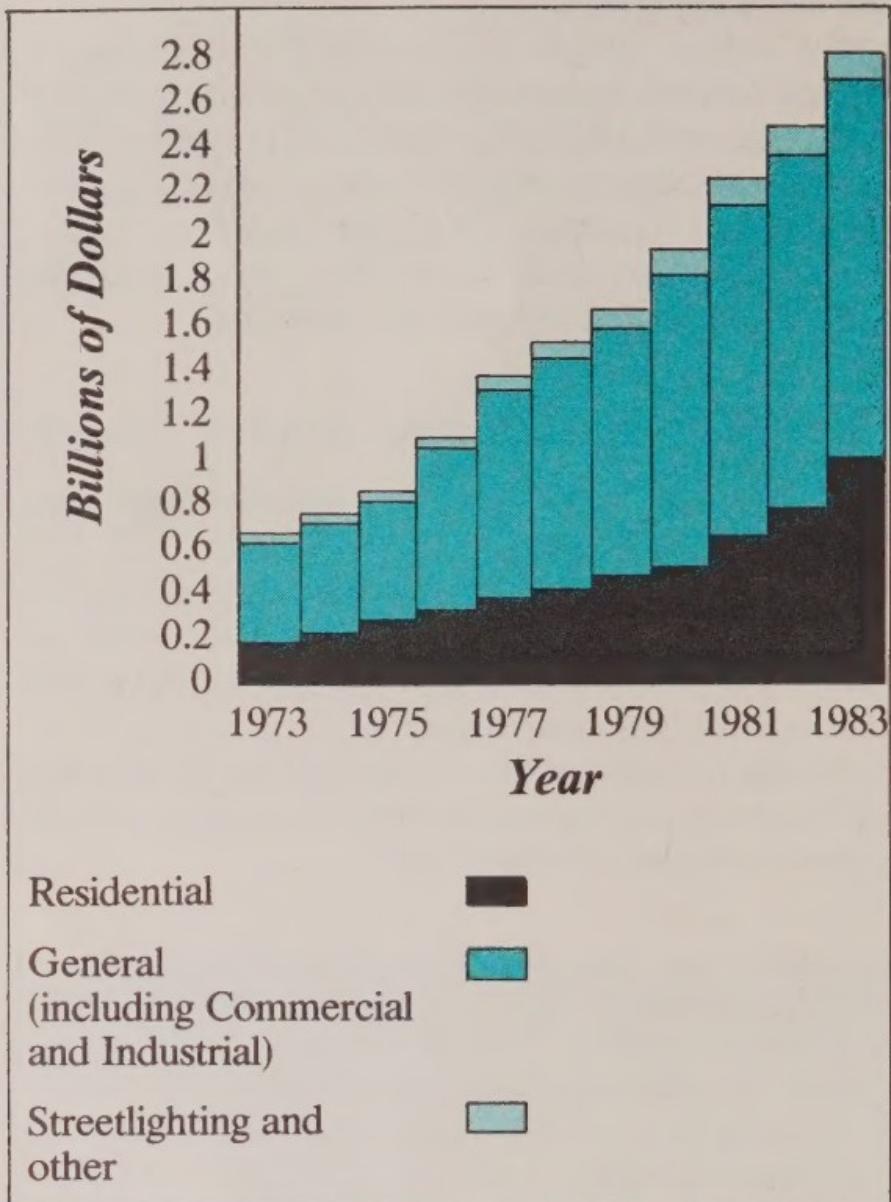
Some appreciation of the scope of Ontario's municipally owned electricity distribution systems can be gained from the following table:

<i>Operations</i>	<i>1983</i>
Plant and facilities (at cost)	\$2,435,400,000
Customers	2,281,900
Energy supplied (millions of kWh)	67,624.3
Annual kWh per customer	29,635.1
Number of utilities	320

Source: Ontario Hydro

The growth of the municipal electrical utilities revenues since 1973 can be illustrated by the following bar graph. These revenues are intended to cover the municipal electrical utilities' costs, the largest of which is the cost of power purchased from Ontario Hydro. In 1983 this was \$2.3 billion or 86.2 per cent of the total costs.

Electricity Sales by Municipal Utilities



Source: Ontario Hydro

Today Ontario Hydro, the other partner in public service, is the second largest electric utility in North America. It has assets totalling \$26.5 billion; a 647,000 square kilometer operational area and provides electric power at cost to about 770,000 rural and large industrial customers and to the province's municipally owned electricity distribution systems. In 1983 it operated 79 hydro-electric, fossil and nuclear generating stations with a total dependable capacity of over 21,000 megawatts.

The Hydro Electric and Public Utilities Commission

Most of the municipalities which own their electricity distribution systems have delegated the operation of the utility to municipal electric commissions. These are known as Hydro-Electric Commissions.

In some municipalities, utilities such as water, gas, public transportation and sewers in addition to electric power, are placed under one local commission. In such cases the commission is known as the Public Utilities Commission.

These commissions may be elected or appointed. The elected commissions gain office in the same way as municipal councillors and school trustees. They usually consist of three or five members one of whom is the mayor, or head of council, and they hold office for three year terms until their successors have been elected and take office.

In some municipalities a three man commission may be appointed. One member is the mayor, or head of council; one is appointed by the city council and one is appointed by Ontario Hydro.

The local commission is responsible for supervising the retail sale of electric power within the municipality. The commission is expected to conduct the affairs of the utility in an efficient business-like way and to engage a suitably qualified staff to carry out business and technical operations. The commission also sets policy direction, approves capital expenditures and sets retail electricity rates.

The commissions have formed an umbrella organization called the Ontario Municipal Electric Association (O.M.E.A.) to act as their spokesman on all common electric utility matters including legislative reviews, regulatory matters and procedures.

The O.M.E.A. also works with the Government of Ontario and its agencies in the improvement of the province's municipally owned electricity distribution systems.

The management and technical staff of the commissions have formed a similar group known as the

Association of Municipal Electrical Utilities (AMEU). The AMEU's main interests lie in the technical and business affairs of electricity distribution and it has made many important contributions to the technology of electric power distribution. Many of its technical manuals and standards are used by electric utilities outside Ontario.

The Responsibilities of the Hydro-Electric and Public Utilities Commissions

The primary responsibilities of the commissions is to provide their customers with a safe, reliable supply of electricity at the lowest feasible cost.

A Safe Electrical System

For the safety of the public, manufacturers and installers of electrical equipment are legally obliged to meet certain safety standards.

Ontario Hydro is responsible for the inspection and approval of electrical equipment in the province. This inspection is compulsory under provincial regulations. Ontario Hydro's inspectors also work closely with local authorities, including the municipal hydro-electric and public utilities commissions, to protect personnel, the general public and property from hazardous electrical installations.

A Reliable supply of Electricity

Electricity is used so much in everyday activities that it is often taken for granted. The residential customer will get up in the morning, flip on a light, plug in the kettle and sit back to wait for the toast to pop up. There is little thought given to the electricity that makes all these things work. Unless it isn't there!

Similarly, commercial and industrial customers, who work in an extremely competitive marketplace, depend on an economic and reliable supply of electricity. The municipal electrical utilities are responsible for making sure that their customers are supplied with electricity at all times and under all conditions.

Electricity at the Lowest Feasible Cost

The province's municipal electrical utilities operate on the revenues they receive from the sale of electric power. Local taxes do not fund hydro-electric or public utility commissions.

The electrical utilities, like Ontario Hydro, are publicly owned and they do not make a profit.

Ontario Hydro generates electricity and sells that power to the local commissions at cost.

Each year Ontario Hydro submits its rates proposal, for the following year, to the Minister of Energy who in turn refers the proposal to the Ontario Energy Board for review. This review includes an extensive public hearing at which several individuals and organizations, such as O.M.E.A. on behalf of the municipal electric utilities and their customers, participate in order to ensure a rate which is in the best interest of electricity consumers.

Once Ontario Hydro's wholesale rate is finalized the municipal electrical utilities prepare their own retail rates based on their estimated costs. These rates are expected to cover the cost of buying power from Ontario Hydro and the cost of distributing it to their customers. Before the rates are finalized they must be reviewed and approved by Ontario Hydro which ensures that all customers are treated fairly and are supplied with electricity at the lowest feasible rate.

The municipal electric utilities and Ontario Hydro provide their customers with electricity at a rate which compares most favourably with the rest of Canada and the United States.

The Wise and Efficient Use of Energy

In addition to ensuring that their customers electricity rates are kept as low as possible, consistent with safety and reliability, many commissions and Ontario Hydro are actively promoting the wise and efficient use of energy because this will keep the customer's energy costs down.

Energy conservation and oil substitution are essential for Ontario's future energy security, because a large proportion of Ontario's energy dollars are spent outside the province to obtain our fossil fuel supplies.

The provincial government, Ontario Hydro and many municipal electric utilities are engaged in a variety of energy management programs. These include:

Monthly Residential Electric Bills*

1000 kW.h JULY 1984

New York	\$210	(157)
Boston	185	(138)
Chicago	165	(123)
Detroit	119	(89)
Charlottetown	113	
Washington D.C.	104	(78)
Tampa	103	(77)
Dallas	99	(74)
Little Rock	99	(74)
Atlanta	95	(71)
Birmingham	95	(71)
Louisville	94	(70)
Los Angeles	90	(67)
St. Louis	86	(64)
Halifax	65	
Tennessee Valley Authority	63	(47)
Fredericton	61	
Portland, Oregon	60	(45)
St. John's	57	
ONTARIO—Rural	54	
Vancouver	51	
Calgary	50	
ONTARIO—Municipal Electric		
Utility Average	48	
Regina	41	
Montreal	39	
Winnipeg	36	

*Bills for U.S. cities have been converted into Canadian dollars on the basis of a 75¢ Canadian dollar (equivalent U.S. dollars are in brackets).

August 20, 1984

The Residential Energy Advisory Program

The Dual Energy Program

The Energy Efficiency Home Program

The Super Energy Efficient Home Program

Commercial Programs

Agricultural Programs

Industrial Programs

Further information on these programs may be obtained from Ontario Hydro, participating municipal electrical utilities or from the Ontario Ministry of Energy.

All of these programs emphasize the wise use of all energy. They also encourage the wider use of electricity where it benefits the customer. This is consistent with the provincial government's policy relating to electricity in Ontario. This is highlighted by the Board of Industrial Leadership and Development (BILD), which has stated that;

The province's electrical system will be utilized whenever practical to substitute for oil consumption, thereby complementing national and global off-oil initiatives. This strategy will obtain massive economic benefits from substituting an indigenous energy source for petroleum, will provide greater energy security for Ontario's economic future and will keep Ontario in the forefront of electric power technology.

The Years Ahead

It is likely that as we step into the future, electricity will play an increasingly important role in the lives of the people of Ontario.

The unique partnership between Ontario Hydro and the municipal electric utilities which has served the people so well in the past will continue to ensure that the province's electricity resources are used efficiently and thus provide greater energy security for Ontario. The province's economic future will benefit from the "Partnership in Public Service".

For additional copies and more information about electricity and other forms of energy, contact the Ontario Ministry of Energy, Inquiry Section, 56 Wellesley Street West, Toronto, Ontario M7A 2B7. Telephone 965-3246 in Toronto, or Zenith 80420 toll-free.

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